

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1839-01
Bill No.: SB 372
Subject: Education, Elementary and Secondary; Teachers; Elementary and Secondary
Education Department; Boards, Commissions, Committees, Councils
Type: Original
Date: March 31, 2011

Bill Summary: This proposal modifies provisions relating to teacher contracts and establishes the Teacher Continuing Contract Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

*Offsetting Transfers In and Transfers Out are Unknown, but Could Exceed \$100,000

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the Office of Administration - **Administrative Hearing Commission (AHC)** stated there would be no fiscal impact on the AHC.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that, while the proposal requires the districts to alter their method of allocating pay for teachers, it does not appear that the cost to the state should increase. The only variance would be if there is some district that currently pays all teachers the minimum state salary, then the state would have to pick up the cost of the mandates built in. If a district currently pays all teachers the minimum salary, then the upper tier teachers would need to earn more than the lower tier teachers resulting in some type of increase necessary. Potential costs to the state, while unknown, could exceed \$100,000.

Regarding teacher and leader evaluation, it is already required that districts do this so whatever cost, if any, associated with this portion of the proposal would already be a part of existing budgets. Unless a district would determine it needed to do more evaluations and would require more staff to do it, there would not be a significant increase in cost. DESE defers to the districts regarding the level of evaluation required.

DESE assumes an area where there would likely be additional cost would be revisions and modifications necessary to existing evaluation instrumentation, protocols, or processes in order to incorporate the teaching standards and professional continuum. The state would likely need to provide guidance and professional development to interested districts.

Assuming, on average, a standard workshop for each district (\$150 x 522 districts) would result in necessary expense of \$78,300 initially. Follow-up would likely require a similar amount resulting in total expense of \$150,000 - \$200,000 overall. The use of webinars would cut this cost. Regional training would be an option for districts and not all districts would participate, further reducing this amount.

Officials from the **Parkway School District** state this proposal would not likely have a fiscal impact on their district.

ASSUMPTION (continued)

In response to identical legislation from this year (HB 628 FN 858-03), the following school districts provided assumptions regarding this proposal:

Officials from the **Independence School District** did not have a manner to calculate a fiscal impact from this proposed legislation, but expect the legal expense to be substantial.

Officials from the **Blue Springs School District** assume this proposal would result in the need to hire additional staff at an approximate cost of \$300,000 per year.

Officials from the **Parkway School District** state this proposal is not estimated to have a fiscal impact on their district.

A response was received from officials from the **Columbia School District**, but they did not indicate fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Cost</u> - Department of Elementary and Secondary Education - State Aid	(Unknown - Could Exceed <u>\$100,000</u>)	(Unknown - Could Exceed <u>\$100,000</u>)	(Unknown - Could Exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u><u>(Unknown - Could Exceed \$100,000)</u></u>	<u><u>(Unknown - Could Exceed \$100,000)</u></u>	<u><u>(Unknown - Could Exceed \$100,000)</u></u>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - DESE - Increased state aid	Unknown - Could Exceed \$100,000	Unknown - Could Exceed \$100,000	Unknown - Could Exceed \$100,000
<u>Transfer Out</u> - School Districts - Increased state aid for teacher salaries	(Unknown - Could Exceed <u>\$100,000</u>)	(Unknown - Could Exceed <u>\$100,000</u>)	(Unknown - Could Exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

LOCAL POLITICAL SUBDIVISIONS

Transfer In - Increased state aid for
teacher salaries

Unknown -
Could Exceed
\$100,000

Unknown -
Could Exceed
\$100,000

Unknown -
Could Exceed
\$100,000

Cost - Program costs

(Unknown -
Could Exceed
\$100,000)

(Unknown -
Could Exceed
\$100,000)

(Unknown -
Could Exceed
\$100,000)

**ESTIMATED NET EFFECT ON
LOCAL POLITICAL SUBDIVISIONS**

Unknown to
(Unknown)

Unknown to
(Unknown)

Unknown to
(Unknown)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies the teacher tenure system and administration of teacher contracts. Currently, two teacher tenure systems exist in the state, one for the St. Louis City School District and one for all other districts. These two systems will expire, and beginning on July 1, 2012, all teachers in the state will be governed by the "Teacher Continuing Contract Act." Performance pay increments are also established for teachers. (§168.102, 168.221, 168.1000)

TEACHING STANDARDS: The teacher standards established in section 160.045 will be used for teacher evaluations under this proposal. In addition, the Missouri Teaching Standards Professional Continuum adopted by the State Board of Education will constitute fifty percent of the score on a teacher's evaluation under this proposal. (§160.045)

MINIMUM TEACHER SALARIES: This proposal removes the minimum teacher salary established for full-time teachers with a master's degree and at least ten years' teaching experience. (§163.172)

FISCAL DESCRIPTION (continued)

SCHOOL ADMINISTRATOR EVALUATIONS: School boards must currently conduct a comprehensive performance-based evaluation of administrators. This proposal requires them to be conducted annually. The Missouri Administration Standards Professional Continuum will be used for fifty percent of the score. Beginning July 1, 2012, administrator evaluations must contain a component that assesses the performance of instructional personnel they supervise. This component will constitute fifty percent of the evaluation. Each school district's school board must develop standards and criteria for the assessment. (§168.410)

TRANSITION FROM EXISTING TENURE SYSTEM TO CONTINUING CONTRACT SYSTEM: All teachers who have tenure will be placed on a probationary contract effective July 1, 2012. New hires or teachers who have worked in another district after July 1, 2012 will also be given a probationary contract. During the 2012-2013 school year, each district will administer performance-based evaluations to all teachers.

Beginning July 1, 2013, a novice probationary teacher entering his or her first contract after becoming certificated will be granted a novice probationary contract of two one-year contracts. The second year will be conditional on first-year performance.

Beginning July 1, 2013, a transfer probationary teacher may be granted a two-year contract if the hiring district finds that the student performance data from the teacher's previous district is sufficient to warrant a two-year contract.

Beginning July 1, 2013, teachers who score in tier 1 on the teacher evaluations in the final year of their continuing contract will receive a subsequent continuing contract for a four-year period. Those who score in tier 2 will receive a three-year continuing contract. Those in tier 3 will receive a two-year continuing contract. Those in tier 4 will receive a one-year contract and become probationary teachers. (§168.1003)

FORM OF TEACHER CONTRACT: Standard language to be used for teacher contracts is identified. The school board may terminate a contract for cause at any time. A school board is prohibited from employing one of its members as a teacher. (§168.1006)

MODIFICATION OF TEACHER CONTRACTS: The school board may modify a continuing contract annually on or before May 15. Modifications include: school year starting and ending dates; annual compensation based on a salary schedule; utilization of information from teacher evaluations, which may include longer contract lengths for teachers with higher scores; and inclusion of performance pay increments, based on teacher evaluation information. Modifications will become effective at the beginning of the next school year. (§168.1008)

FISCAL DESCRIPTION (continued)

A permanent teacher and a school district may terminate or modify a continuing contract by mutual consent at any time. A teacher who desires to terminate his or her continuing contract at the end of a school term must give written notice before June 1 of that year. (§168.1010)

PERFORMANCE PAY: This proposal establishes performance pay procedures to become effective on July 1, 2013. Each school district must use ninety percent of its total annual base compensation for all teachers in the 2012-2013 school year as the base year for the initial calculation of performance pay increments. The remaining ten percent may be used to address anomalies in the schedule. Each subsequent year will be based on ninety percent of the previous year's total.

Each district must rank-order its teachers by the totals of their performance-based evaluation scores and their student performance scores. Where two or more teachers score the same on their total score, the teacher with the higher student performance score will rank above the teacher with the lower student performance score. If two teachers are ranked the same, have the same student performance score, and the scores fall at a tier break point, both teachers will be ranked in the higher tier. (§168.1009)

REDUCTION IN FORCE: A school board may place teachers on leave of absence because of a decrease in student enrollment, district reorganization, or financial condition. Criteria are established for which teachers may be placed on leave. (§168.1022)

TEACHER EVALUATIONS: Each school district must maintain records showing periods of service, dates of appointment, and other necessary information.

Each teacher must have an annual comprehensive, performance-based evaluation conducted. Fifty percent of the evaluation will be based on the performance of students for whom the teacher has responsibility. Fifty percent will be based on the district's teaching standards developed under section 160.045. No more than forty percent of a building's teachers will receive a standards-based score in the top thirty-three percent. Teachers must be evaluated regularly and twice annually in the final year of their continuing contract. Advance notice of evaluations will not be given. Evaluations must be maintained in the teacher's personnel file.

The Department of Elementary and Secondary Education must develop suggested procedures and models for student performance evaluations. (§168.1026)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration

Administrative Hearing Commission

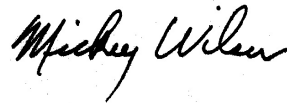
School Districts

Independence

Columbia

Blue Springs

Parkway

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 31, 2011